



General Assembly

***Substitute Bill No. 568***

*January Session, 2003*

***AN ACT CONCERNING HOSPITAL BILLING PRACTICES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Section 19a-649 of the general statutes is repealed and the  
2       following is substituted in lieu thereof (*Effective October 1, 2003*):

3       (a) The office, in consultation with the Commissioner of Social  
4       Services, shall review annually the level of uncompensated care  
5       including emergency assistance to families provided by each hospital  
6       to the indigent. Each hospital shall file annually with the office its  
7       policies regarding the provision of free or reduced cost services to the  
8       indigent, excluding medical assistance recipients, and its debt  
9       collection practices. Each hospital shall obtain an independent audit of  
10      the level of charges, payments and discharges by primary payer  
11      related to Medicare, medical assistance, CHAMPUS and  
12      nongovernmental payers as well as the amount of uncompensated care  
13      including emergency assistance to families. The results of this audit,  
14      including the above information, with an opinion, shall be provided to  
15      the office by each hospital together with the hospital's financial  
16      statements filed on February twenty-eighth of each year. For purposes  
17      of this section, "primary payer" means the final payer responsible for  
18      more than fifty per cent of the charges on the case, or, if no payer is  
19      responsible for more than fifty per cent of the charges the payer  
20      responsible for the highest percentage of charges. The office shall  
21      evaluate the audit and may rely on the information contained in the

22 independent audit or may require such additional audit as it deems  
23 necessary.

24 (b) Each hospital shall include in the report filed pursuant to  
25 subsection (a) of this section, (1) the number of applicants for free and  
26 reduced cost services, (2) the number of approved applicants, and (3)  
27 the total and average values of the amount of free and reduced cost  
28 care provided. The total value of free and reduced cost care shall be  
29 reported at the cost of providing services, as defined in section 19a-673,  
30 as amended by this act.

31 Sec. 2. Section 19a-509b of the general statutes is repealed and the  
32 following is substituted in lieu thereof (*Effective October 1, 2003*):

33 (a) As used in this section, (1) "hospital bed fund" means any gift of  
34 money, stock, bonds, financial instruments or other property made by  
35 any donor for the purpose of establishing a fund to provide medical  
36 care, including, but not limited to, inpatient or outpatient care, to  
37 patients at a hospital. A hospital bed fund may be established by inter  
38 vivos gift, bequest, subscription, solicitation, dedication or any other  
39 means; (2) "hospital" means hospital as defined in section 19a-490; (3)  
40 "collection agent" means any person, either employed by or under  
41 contract to, a hospital, who is engaged in the business of collecting  
42 payment from consumers for medical services provided by the  
43 hospital, and includes, but is not limited to, attorneys performing debt  
44 collection activities.

45 (b) (1) Each hospital which holds or administers one or more  
46 hospital bed funds shall post or cause to be posted in a conspicuous  
47 public place in each patient admitting location, including but not  
48 limited to, the admissions office, emergency room, social services  
49 department and patient accounts or billing office, information in  
50 English and Spanish regarding the availability of its hospital bed  
51 funds, in plain language in a forty-eight to seventy-two point type size.  
52 Such information shall include: (A) Notification of the existence of  
53 hospital bed funds and the hospital's program to administer them,

54 [and] (B) the person to contact for application information, and (C)  
55 notification that applications are available from any personnel in the  
56 patients admissions and patient accounts or billing offices.

57 (2) Each hospital which has a hospital bed fund shall train staff,  
58 including but not limited to, hospital social workers, admissions  
59 officers, discharge planners, [and] billing personnel and collection  
60 agents concerning the existence of such fund, the eligibility  
61 requirements, requirements for disclosure to patients pursuant to this  
62 section, and the procedures for application.

63 (c) Each hospital which holds or administers one or more hospital  
64 bed funds shall make available [to individual members of the public]  
65 in a place and manner allowing individual members of the public to  
66 easily obtain it, a one page summary in English and Spanish describing  
67 hospital bed funds and how to apply for them. [This summary] The  
68 summary shall also describe any other free or reduced cost policies for  
69 the indigent as reported by the hospital to the Office of Health Care  
70 Access pursuant to section 19a-649, as amended by this act, and shall  
71 clearly distinguish hospital bed funds from other sources of financial  
72 assistance. The summary shall include notification that the patient is  
73 entitled to reapply upon rejection, and that additional funds may  
74 become available on an annual basis. The summary shall be available  
75 in the patient admissions office, emergency room, social services  
76 department and patient accounts or billing office, and from any  
77 collection agent. If during the admission process or during its review  
78 of the financial resources of the patient, the hospital reasonably  
79 believes the patient will have limited funds to pay for any portion of  
80 the patient's hospitalization not covered by insurance, the hospital  
81 shall provide the summary to each such patient.

82 (d) Each hospital which holds or administers one or more hospital  
83 bed funds and its collection agents shall include a summary as  
84 provided in subsection (c) of this section in all bills and collections  
85 notices sent by the hospital or its collection agents to individuals for  
86 amounts not covered by insurance.

87     ~~[(d)]~~ (e) Applicants for assistance from hospital bed funds shall be  
88 notified in writing of any award or any rejection and the reason for  
89 such rejection. Patients who cannot pay any outstanding medical bill at  
90 the hospital shall be allowed to apply or reapply for hospital bed  
91 funds. Any payment from a hospital bed fund shall be for a medical  
92 service calculated at the cost of providing services, as defined in  
93 section 19a-673, as amended by this act.

94     (f) At the time a hospital determines whether a patient qualifies for  
95 hospital bed funds or for free or reduced cost care according to  
96 hospital policies as described in section 19a-649, as amended by this  
97 act, the hospital shall also determine whether such patient is  
98 uninsured, as defined in section 19a-673, as amended by this act, and  
99 should be billed under the terms described in section 19a-673, as  
100 amended by this act.

101     ~~[(e)]~~ (g) Each hospital which holds or administers one or more  
102 hospital bed funds shall maintain and annually compile, at the end of  
103 the fiscal year of the hospital, the following information: (1) The  
104 number of applications for hospital bed funds; (2) the number of  
105 ~~[patient accounts]~~ patients receiving hospital bed fund grants and the  
106 actual dollar amounts provided to each patient from such fund; (3) the  
107 fair market value of the principal of each individual hospital bed fund,  
108 or the principal attributable to each bed fund if held in a pooled  
109 investment; (4) the total earnings for each hospital bed fund or the  
110 earnings attributable to each hospital bed fund; (5) the dollar amount  
111 of earnings reinvested as principal if any; and (6) the dollar amount of  
112 earnings available for patient care. The information compiled pursuant  
113 to this subsection shall be permanently retained by the hospital and  
114 [made available to the Office of Health Care Access upon request] shall  
115 be filed with the Attorney General and the Commissioner of Health  
116 Care Access no later than sixty days after the end of the fiscal year of  
117 the hospital.

118     (h) The hospital shall provide the information compiled pursuant to  
119 subsection (g) of this section annually to living donors and any donor-

120 specified individuals or organizations with power to nominate patients  
121 to receive hospital bed funds.

122 (i) No hospital which holds or administers one or more hospital bed  
123 funds shall initiate any form of legal proceeding to collect money from  
124 an individual for medical services rendered until the hospital has  
125 provided the individual with (1) the summary described in subsection  
126 (c) of this section, (2) an application form for hospital bed funds, and  
127 (3) a notice in writing in English and Spanish that collection  
128 proceedings may be initiated sixty days after the date of the notice. No  
129 proceedings shall be initiated until at least sixty days from the date of  
130 the notice. If the individual applies for hospital bed funds within the  
131 sixty-day period, such period shall be suspended and shall not resume  
132 until the hospital notifies the individual in writing of any award or any  
133 rejection as provided in subsection (e) of this section.

134 (j) Any hospital that fails to file information required by this section  
135 shall be liable for a civil penalty of not more than five thousand  
136 dollars. The Attorney General may bring an action in the superior  
137 court for the judicial district of Hartford to recover such penalty and to  
138 obtain any appropriate injunctive relief to ensure compliance with the  
139 provisions of this section.

140 Sec. 3. (NEW) (*Effective October 1, 2003*) On or before March 1, 2004,  
141 and annually thereafter, each hospital shall file with the Office of  
142 Health Care Access a debt collection report that includes (1) whether  
143 the hospital uses a collection agent, as defined in section 19a-509b of  
144 the general statutes, as amended by this act, to assist with debt  
145 collection, (2) the name of any collection agent used, (3) the hospital's  
146 processes and policies for assigning a debt to a collection agent and for  
147 compensating such collection agent for services rendered, and (4) the  
148 recovery rate on accounts assigned to collection agents, exclusive of  
149 Medicare accounts, in the most recent hospital fiscal year.

150 Sec. 4. Section 19a-673 of the general statutes is repealed and the  
151 following is substituted in lieu thereof (*Effective October 1, 2003*):

152 (a) As used in this section:

153 (1) "Cost of providing services" means a hospital's published  
154 charges at the time of billing, [of an uninsured patient,] multiplied by  
155 the hospital's most recent relationship of costs to charges as taken from  
156 the hospital's most recently available [audited financial statements]  
157 annual financial filing with the Office of Health Care Access.

158 (2) "Hospital" means an institution licensed by the Department of  
159 Public Health as a short-term general hospital.

160 (3) "Poverty income guidelines" means the poverty income  
161 guidelines issued from time to time by the United States Department  
162 of Health and Human Services.

163 (4) "Uninsured patient" means any person who is liable for one or  
164 more hospital charges whose income is at or below two hundred fifty  
165 per cent of the poverty income guidelines, or whose total annual  
166 medical bills from a short-term general hospital stay or stays,  
167 including physician, laboratory and other charges, exceed twenty per  
168 cent of such person's income in the previous calendar year, who (A)  
169 has applied and been denied eligibility for any medical or health care  
170 coverage provided under the general assistance program or the  
171 Medicaid program due to failure to satisfy income or other eligibility  
172 requirements, and (B) is not eligible for coverage for hospital services  
173 under the Medicare or CHAMPUS programs, or under any Medicaid  
174 or health insurance program of any other nation, state, territory or  
175 commonwealth, or under any other governmental or privately  
176 sponsored health or accident insurance or benefit program including,  
177 but not limited to, workers' compensation and awards, settlements or  
178 judgments arising from claims, suits or proceedings involving motor  
179 vehicle accidents or alleged negligence.

180 (5) "Income" means the federal adjusted gross income from the  
181 previous tax year, except that a person who is unemployed may  
182 request that an estimate of current year income be used to make any  
183 determinations required pursuant to this section.

184 (b) (1) No hospital that has provided health care services to an  
185 uninsured patient may collect from the uninsured patient more than  
186 the cost of providing services.

187 (2) Upon the request of any patient, hospitals shall make a  
188 determination of uninsured status based on earnings statements  
189 attached to paychecks, tax returns, unemployment insurance records,  
190 or other documents provided by the patient, or upon receipt of any  
191 patient's application for hospital free care or hospital bed funds  
192 pursuant to section 19a-509b, as amended by this act. If a hospital  
193 determines that a patient is uninsured, the hospital shall provide bills  
194 to such patient that reflect the adjustment to cost basis as provided in  
195 subdivision (1) of this subsection.

196 (c) The Office of Health Care Access shall develop a standard notice,  
197 in English and Spanish, that summarizes in plain language the  
198 obligations of hospitals pursuant to this section and the requirement  
199 that patients furnish proof of income to hospitals in order to qualify for  
200 uninsured status. Such notice shall be posted and made available in  
201 the same manner as provided for the summary of hospital bed funds  
202 pursuant to section 19a-509b, as amended by this act. Such notice shall  
203 be included in all hospital bills to private individuals, including, but  
204 not limited to, uninsured patients, and shall be made available upon  
205 admission, discharge or at any time to any patient upon request, and to  
206 any patient who has not provided proof of or has been denied third-  
207 party insurance coverage.

208 (d) No hospital shall initiate any form of legal proceeding to collect  
209 money from an individual for medical services rendered until (1) the  
210 hospital has provided the individual with a written notice in English  
211 and Spanish supplied by the Department of Social Services describing  
212 in plain language all forms of public assistance that may be available  
213 for payment of hospital expenses, the income and other criteria for  
214 eligibility for such assistance, and the application procedures for such  
215 assistance, and (2) the hospital has offered to assist the individual with  
216 the application process. No proceedings shall be initiated until at least

217 sixty days after the individual has been provided with such  
218 information and assistance. If the individual applies for any form of  
219 public assistance within the sixty-day period, such period shall be  
220 suspended, and shall not be resumed until the individual is notified in  
221 writing in English and Spanish of eligibility or ineligibility for such  
222 assistance.

223       Sec. 5. (NEW) (*Effective October 1, 2003*) If, at any point in the debt  
224 collection process, whether before or after the entry of judgment, a  
225 hospital, a consumer collection agency acting on behalf of the hospital,  
226 an attorney representing the hospital or any employee or agent of the  
227 hospital becomes aware that a debtor from whom the hospital is  
228 seeking payment for services rendered receives information that the  
229 debtor is eligible for hospital bed funds, free or reduced price hospital  
230 services, or any other program which would result in the elimination  
231 of liability for the debt or reduction in the amount of such liability, the  
232 hospital, collection agency, attorney, employee, or agent shall  
233 promptly discontinue collection efforts and refer the collection file to  
234 the hospital for determination of such eligibility. The collection effort  
235 shall not resume until such determination is made.

236       Sec. 6. Section 37-3a of the general statutes is repealed and the  
237 following is substituted in lieu thereof (*Effective October 1, 2003*):

238       (a) Except as provided in sections 37-3b, 37-3c and 52-192a, interest  
239 at the rate of ten per cent a year, and no more, may be recovered and  
240 allowed in civil actions or arbitration proceedings under chapter 909,  
241 including actions to recover money loaned at a greater rate, as  
242 damages for the detention of money after it becomes payable.  
243 Judgment may be given for the recovery of taxes assessed and paid  
244 upon the loan, and the insurance upon the estate mortgaged to secure  
245 the loan, whenever the borrower has agreed in writing to pay such  
246 taxes or insurance or both. Whenever the maker of any contract is a  
247 resident of another state or the mortgage security is located in another  
248 state, any obligee or holder of such contract, residing in this state, may  
249 lawfully recover any agreed rate of interest or damages on such



250 contract until it is fully performed, not exceeding the legal rate of  
251 interest in the state where such contract purports to have been made or  
252 such mortgage security is located.

253 (b) In the case of a debt arising out of services provided at a  
254 hospital, prejudgment and postjudgment interest shall be no more  
255 than the lesser of ten per cent per year or the annual rate of increase for  
256 the most recent twelve-month period in the United States City Average  
257 Consumer Price Index on All Items as published monthly by the  
258 Bureau of Labor Statistics, United States Department of Labor during  
259 the relevant time period. The awarding of interest in such cases is  
260 discretionary.

261 Sec. 7. Subsection (t) of section 52-352b of the general statutes is  
262 repealed and the following is substituted in lieu thereof (*Effective*  
263 *October 1, 2003*):

264 (t) The homestead of the exemptioner to the value of seventy-five  
265 thousand dollars, or, in the case of a money judgment arising out of  
266 services provided at a hospital, to the value of one hundred twenty-  
267 five thousand dollars, provided value shall be determined as the fair  
268 market value of the real property less the amount of any statutory or  
269 consensual lien which encumbers it.

270 Sec. 8. Subsection (a) of section 52-356a of the general statutes is  
271 repealed and the following is substituted in lieu thereof (*Effective*  
272 *October 1, 2003*):

273 (a) (1) On application of a judgment creditor or his attorney, stating  
274 that a judgment remains unsatisfied and the amount due thereon, and  
275 subject to the expiration of any stay of enforcement and expiration of  
276 any right of appeal, the clerk of the court in which the money  
277 judgment was rendered shall issue an execution pursuant to this  
278 section against the nonexempt personal property of the judgment  
279 debtor other than debts due from a banking institution or earnings.  
280 The application shall be accompanied by a fee of twenty dollars  
281 payable to the clerk of the court for the administrative costs of

282 complying with the provisions of this section which fee may be  
283 recoverable by the judgment creditor as a taxable cost of the action. In  
284 the case of a consumer judgment, the application shall indicate  
285 whether, pursuant to an installment payment order under subsection  
286 (b) of section 52-356d, as amended by this act, the court has entered a  
287 stay of execution and, if such a stay was entered, shall contain a  
288 statement of the judgment creditor or his attorney as to the debtor's  
289 default on payments. In the case of a judgment arising out of services  
290 provided at a hospital, no application shall be made until the court has  
291 (A) issued an order for installment payments in accordance with  
292 section 52-356d, as amended by this act, (B) made a finding that the  
293 debtor has defaulted on payments under the order, and (C) lifted the  
294 mandatory stay issued under section 52-356d, as amended by this act.  
295 The court shall make a determination concerning noncompliance or  
296 default, and decide whether to modify the installment payment plan,  
297 continue the installment payment plan, or lift the stay. For purposes of  
298 this subdivision, "noncompliance" or "default" under an installment  
299 plan means four consecutive missed payments. The execution shall be  
300 directed to any levying officer.

301 (2) The property execution shall require a proper levying officer to  
302 enforce the money judgment and shall state the names and last-known  
303 addresses of the judgment creditor and judgment debtor, the court in  
304 which and the date on which the money judgment was rendered, the  
305 original amount of the money judgment and the amount due thereon,  
306 and any information which the judgment creditor considers necessary  
307 or appropriate to identify the judgment debtor. The property execution  
308 shall notify any person served therewith that the judgment debtor's  
309 nonexempt personal property is subject to levy, seizure and sale by the  
310 levying officer pursuant to the execution and, if the judgment debtor is  
311 a natural person, shall be accompanied by a notice of judgment debtor  
312 rights as prescribed by section 52-361b and a notice to any third person  
313 of the manner, as prescribed by subdivision (4) of this subsection, for  
314 complying with the execution.

315 (3) A property execution shall be returned to court within four

316 months after issuance. The untimely return of a property execution  
317 more than four months after issuance shall not of itself invalidate any  
318 otherwise valid levy made during the four-month period.

319 (4) The levying officer shall personally serve a copy of the execution  
320 on the judgment debtor and make demand for payment by the  
321 judgment debtor of all sums due under the money judgment. On  
322 failure of the judgment debtor to make immediate payment, the  
323 levying officer shall levy on nonexempt personal property of the  
324 judgment debtor, other than debts due from a banking institution or  
325 earnings, sufficient to satisfy the judgment, as follows:

326 (A) If such nonexempt personal property is in the possession of the  
327 judgment debtor, the levying officer shall take such property into his  
328 possession as is accessible without breach of the peace;

329 (B) With respect to a judgment debtor who is not a natural person, if  
330 such personal property, including any debt owed, is in the possession  
331 of a third person, the levying officer shall serve that person with a  
332 copy of the execution and that person shall forthwith deliver the  
333 property or pay the amount of the debt due or payable to the levying  
334 officer, provided, if the debt is not yet payable, payment shall be made  
335 when the debt matures if within four months after issuance of the  
336 execution;

337 (C) With respect to a judgment debtor who is a natural person, if  
338 such personal property, including any debt owed, is in the possession  
339 of a third person, the levying officer shall serve that person with two  
340 copies of the execution, required notices and claim forms. On receipt of  
341 such papers, the third person shall forthwith mail a copy thereof  
342 postage prepaid to the judgment debtor at the last-known address of  
343 record with the third person and shall withhold delivery of the  
344 property or payment of the debt due to the levying officer or any other  
345 person for twenty days. On expiration of the twenty days, the third  
346 person shall forthwith deliver the property or pay the debt to the  
347 levying officer provided (i) if an exemption claim has been filed in

348 accordance with subsection (d) of section 52-361b, the property shall  
349 continue to be withheld subject to determination of the claim and (ii) if  
350 a debt is not yet payable, payment shall be made when the debt  
351 matures if within four months after issuance of the execution.

352 (5) Levy under this section on property held by, or a debt due from,  
353 a third person shall bar an action for such property against the third  
354 person provided the third person acted in compliance with the  
355 execution.

356 (6) If the levying officer cannot remove any property on which he  
357 seeks to levy without the danger of injury thereto, he may levy on and  
358 take possession of the property by posting on or adjacent to the  
359 property a conspicuous notice of the levy.

360 (7) Subject to the provisions of section 52-328, if the property to be  
361 executed against is already subject to an attachment, garnishment or  
362 judgment lien of the judgment creditor as security for that judgment,  
363 the priority of the execution shall hold from the date of perfecting of  
364 the attachment, garnishment or other lien. A sale pursuant to the  
365 execution forecloses any interest acquired as a result of the attachment,  
366 garnishment or judgment lien.

367 (8) If the judgment debtor has left the state prior to service of the  
368 execution or if he cannot otherwise be found with reasonable effort at  
369 his last-known address in this state, the levying officer shall proceed  
370 with the levy after (A) making demand for payment at such last-  
371 known address and on any agent or attorney of the judgment debtor of  
372 record with the clerk of the Superior Court and (B) making a  
373 reasonable effort to ascertain and provide notice of the execution at  
374 any forwarding address.

375 Sec. 9. Subsection (b) of section 52-356d of the general statutes is  
376 repealed and the following is substituted in lieu thereof (*Effective*  
377 *October 1, 2003*):

378 (b) In the case of a consumer judgment, the court may provide that

379 compliance with the installment payment order, other than with an  
 380 order for nominal payments pursuant to subsection (c) of this section,  
 381 shall stay any property execution or foreclosure pursuant to that  
 382 judgment, provided such a stay is reasonable considering the nature of  
 383 the debt and the financial circumstances of the judgment debtor. In the  
 384 case of a judgment arising out of services provided at a hospital, (1) the  
 385 court shall provide that compliance with the installment payment  
 386 order shall stay any property execution or foreclosure pursuant to that  
 387 judgment, including, but not limited to, execution on wages, execution  
 388 on bank accounts, and execution on or foreclosure of real property,  
 389 and (2) weekly payments shall be no more than five per cent of  
 390 income.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>
Sec. 2	<i>October 1, 2003</i>
Sec. 3	<i>October 1, 2003</i>
Sec. 4	<i>October 1, 2003</i>
Sec. 5	<i>October 1, 2003</i>
Sec. 6	<i>October 1, 2003</i>
Sec. 7	<i>October 1, 2003</i>
Sec. 8	<i>October 1, 2003</i>
Sec. 9	<i>October 1, 2003</i>

**PH**            *Joint Favorable Subst.-LCO*

**JUD**           *Joint Favorable*